



Husky's Tucker Oilsands Project

International Market Insight Report – January 2006

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Tucker Thermal Oilsands Project

In July 2004, Husky announced the approval of commercial development of their Tucker Oil Sands Project. This \$500 million project is located 30 kilometers northwest of Cold Lake, Alberta. Executives have estimated that these oilsands contain 1.27 billion barrels of bitumen. Over the next 35 years Husky will recover approximately 352 million barrels of oil resources. Husky's aim for first oil production will inaugurate at the end of 2006. Production from this project is anticipated to be 30,000 barrels per day or more.

A major advantage of the Tucker is its proximity to Husky's transmission pipeline system. This pipeline system allows for easy transportation of bitumen to a heavy oil upgrader at Lloydminster, Alberta, to be processed into synthetic crude.

Husky's Tucker Thermal Project provides significant additional opportunity for U.S. firms to build valuable alliances and investments in Canada's oil industry.

Canada's Oilsands

Capital spending in Alberta's oilsands reached \$6.2 billion in 2004, and in 2005 it is expected to reach \$11 billion. Industry analysts are calling for dramatic growth in the oilsands as the decline in conventional oil and gas projects continues. Alberta Energy officials predict capital spending between 2005 and 2020 to reach well over \$100 billion.

The U.S. is by far Canada's largest customer when it comes to export of crude oil and refined products. Over the next 20 years, U.S. demand is forecast to rise significantly, requiring increased oil imports. Currently the oilsands are producing over 1,000,000 barrels per day (bpd) and with the existing level of investment the flow should reach 3.3 million bpd by 2015.

Specialists suggest that sectoral demand for equipment and services will see a steady increase in

real terms of about 4% annually through 2006. This growth will meet the demand offered by the many major projects proposed over the next 15 years.

Opportunity for U.S. Manufacturers

Opportunities abound in Canada's oilsands sector. With major projects through 2020 valued at over \$100 billion, U.S. companies should approach project managers and engineers during the early stages of specification. U.S. companies supply over 90% of the import market for oil and gas equipment and services. Most is large machinery and equipment purchases by major oil and gas producers.

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(drafted A. Willness W. Balla)

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